

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

April 28, 2006

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

PSF No.:06OD-042

OAHU

Mutual Cancellation of General Lease No. S-5663, and Issuance Direct Lease to  
Honolulu Community Action Program, Inc., Waianae, Oahu, TMK: (1) 8-5-002:012.

APPLICANT:

Honolulu Community Action Program, Inc., a Hawaii non-profit corporation.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waianae, Oahu, identified by Tax Map Key:(1) 8-5-002:012, consisting of approximately 3.88 acres, as shown on the attached map labeled Exhibit A.

AREA:

3.880 acres, more or less.

ZONING:

State Land Use District: Urban

City and County of Honolulu CZO: P2

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State  
Constitution: YES \_\_\_ NO X

CURRENT USE STATUS:

Encumbered under General Lease No. S-5663 to Honolulu Community Action Program, Inc. (HCAP), Lessee, for multipurpose community facility purposes. Lease to expire on April 30, 2012.

CHARACTER OF USE:

Multipurpose community facility purposes.

LEASE TERM:

Twenty-five (25) years.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENTAL:

\$480 per year, minimum rent policy approved by the Land Board on May 13, 2005,  
agenda Item D-19.

METHOD OF PAYMENT:

Semi-annual payments in advance.

RENTAL REOPENINGS:

None.

PERFORMANCE BOND:

Twice the annual rental amount.

CHAPTER 343 ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

DCCA VERIFICATION:

|   |              |                |
|---|--------------|----------------|
| Place of business registration confirmed: | YES <u>X</u> | NO <u>    </u> |
| Registered business name confirmed:       | YES <u>X</u> | NO <u>    </u> |
| Good standing confirmed:                  | YES <u>X</u> | NO <u>    </u> |

APPLICANT REQUIREMENTS:

- 1) Applicant shall be required to obtain a zoning variance and Major Special Management Area Use Permit (SMP) from the City and County of Honolulu, Department of Planning and Permitting.

BACKGROUND:

The Land Board at its meeting of April 22, 1992, under agenda item F-4, authorized the direct issuance of a lease to Honolulu Community Action Program, Inc. (HCAP). General Lease No. S-5362 commenced from May 1, 1992 through April 30, 2002.

On April 12, 2002, agenda item D-15, the Board approved the extension of General Lease No. S-5362 for 10 years. The Board also approved staff's recommendation that the annual rent to remain at \$300.00. The Department of the Attorney General advised the Department that Section 171-36, HRS allows lease extensions for certain types of leases and a community site is not one of them.

Subsequently, the Board at its meeting of October 25, 2002, under agenda item D-21, amended its prior Board action of April 12, 2002, by replacing the extension of lease with the issuance of a new lease. The lease commenced May 1, 2002 to April 30, 2012.

REMARKS:

By way of letter dated September 14, 2005, Joan White, Executive Director at Honolulu Community Action Program, Inc. (HCAP), was recently appropriated \$250,000 from the City and County of Honolulu under the Community Development Block Grant Program (CDBG). These funds are to be utilized in the planning, design, and engineering phase of constructing a new multipurposes community facility. As a recipient of CDBG funds, HCAP is required to have as a minimum, 25 years remaining in their lease. Currently, there is only 6 years remaining. Therefore, HCAP is requesting the Board's approval for General Lease No. S-5663 be mutually cancelled and a new lease for 25 years be granted (Exhibit B).

Comments were solicited from Historic Preservation, Department of Hawaiian Home Lands, City and County of Honolulu, Department of Facility Maintenance, Department of Design and Construction and the Office of Hawaiian Affairs. All expressed no objection.

The City and County of Honolulu, Department of Planning and Permitting (Exhibit C) stated that a zoning variance will be required for the permitted use (multipurpose community facility) and because the development cost will exceed \$125,000, a Major Special Management Area Use Permit (SMP) will be required for the project.

HCAP is a non-profit corporation. Staff discussed the annual rent with Ms. Joan White, Executive Director at HCAP. HCAP is requesting the Board's favorable consideration for the rent to remain at \$300.00 per annum for the entire 25 years. Staff notes that this rent was determined in 1992 and based on 20% of fair market. The Department of the Attorney General has corrected our Department and stated that it is improper to transfer to OHA 100% of the 20% of fair market rent we are collecting.

HCAP's target population are 0-5 year olds and their families, all genders, all ethnic backgrounds, especially native Hawaiians and Asian people, poor, the Waianae area, special needs and disability children, and free to all qualified families. HCAP provides children educational programs, literacy and GED for parents and career development and employment of residents. HCAP provides invaluable services to the Waianae community therefore, staff is requesting the Board to consider the Minimum Rent Policy for New Dispositions (Exhibit D) and establish the annual rent to be \$480.

HCAP has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Staff has no objections to the request. There are no other pertinent issues or concerns.

RECOMMENDATION: That the Board:

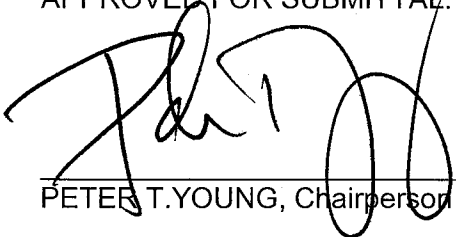
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the mutual cancellation of General Lease No. S-5663.
3. Subject to the Applicant fulfilling all of the Applicant Requirements listed above, authorize the issuance of a direct lease to Honolulu Community Action Program, Inc., covering the subject area for multipurpose community facility purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  1. The standard terms and conditions of the most current lease (non-profit) document form, as may be amended from time to time;
  2. Review and approval by the Department of the Attorney General; and
  3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Steve Lau  
Land Agent

APPROVED FOR SUBMITTAL:

  
PETER T. YOUNG, Chairperson

MAIINAE-KAI, OAHU

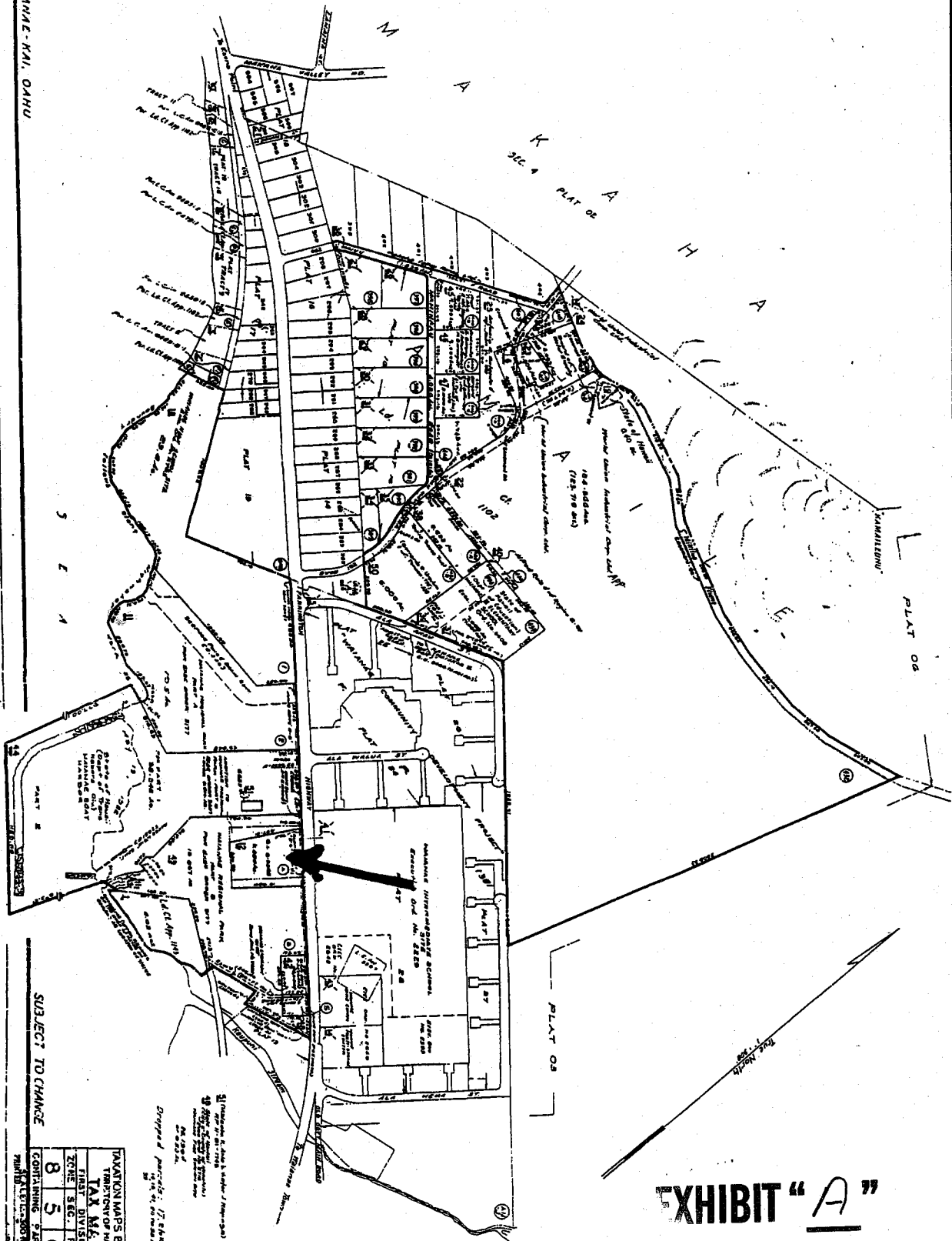


EXHIBIT "A"

SUBJECT TO CHANGE

|                     |   |    |  |
|---------------------|---|----|--|
| TERRITORY OF HAWAII |   |    |  |
| TAX MAP             |   |    |  |
| FIRST DIVISION      |   |    |  |
| ZONE SEC. PLAT      |   |    |  |
| 8                   | 5 | 02 |  |
| CONTAINING PARCELS  |   |    |  |

FARRINGTON  
Project No.

307°44'13.64"  
72.11  
307°33'56" → 317.44

HIGHWAY

99B-01-75

NORTH  
1 inch = 100 feet

Slope Easement 5-6

Slope Easement 5-5

2187.66 N  
7995.62 W  
"PAHEEHEE NEW" Δ

Slope  
Easement  
5-7

WAIAANAE  
Portion of  
3109 dated

KAI

MILITARY

Tract 1, Parcel 2 of Presidential  
May 3, 1939

RESERVATION  
Executive Order

3.880 ACRES

Deed: United States of America  
to the State of Hawaii  
dated January 5, 1985  
and recorded in Liber  
18506, Page 318  
(L.O.D. 5-27480)

ADDITION TO  
WAIAANAE  
REGIONAL  
PARK

486.41

38°27'30"

Deed: United States of America  
to the State of Hawaii dated  
April 11, 1964 and recorded in  
Liber 4736, Page 178 (L.O.D. 5-20993)

128°27'30" → 309.25

WAIAANAE

REGIONAL

PARK

PART B

Governor's

Executive

Order

3177

(CSF 19595)

MULTI-PURPOSE COMMUNITY FACILITY SITE

Waianae - Kai, Waianae, Oahu, Hawaii

Scale: 1 inch = 100 feet

EXHIBIT "A"

# Honolulu Community Action Program, Inc.

A Non-Profit Human Service Agency

1109 Maunakea Street, 2nd Floor • Honolulu, Hawaii 96817-5156

Telephone (808) 521-4531 • Fax (808) 521-4538

RECEIVED  
LAND DIVISION

September 14, 2005

2005 SEP 16 A 3:09

State of Hawaii  
Department of Land and Natural Resources  
Division of Land Management  
P.O. Box 621  
Honolulu, Hawaii 96809

DEPT. OF LAND &  
NATURAL RESOURCES  
STATE OF HAWAII

H C A P



## OFFICERS

Robert Piper  
Board Chairperson

Theresa Cummings  
Vice-Chairperson

Terrence Aratani  
Secretary-Treasurer

## LOCATIONS

CENTRAL  
99-102 Kalaloa Street  
Aiea, Hawaii 96701-3801  
Phone: 488-6834

KALIHI-PALAMA  
1555 Haka Drive, #2408  
Honolulu, Hawaii 96817-5800  
Phone: 847-0804

LEAHI  
1915 Palolo Avenue  
Honolulu, Hawaii 96816-2928  
Phone: 732-7755

LEEWARD  
85-555 Farrington Hwy.  
Waianae, Hawaii 96792-2354  
Phone: 696-4261

WINDWARD  
47-232 Waihee Road  
Kaneohe, Hawaii 96744-4947  
Phone: 239-5754

KAPALAMA HEAD START  
5 Sand Island Access Road,  
Bldg. 921  
Honolulu, Hawaii 96819-4905  
Phone: 847-2400

KUNIA HEAD START  
Old Kunia School  
Kunia Drive  
Kunia, Hawaii 96759-0246  
Phone: 621-5099

Joan P. White  
Executive Director

Dear Sir/Madam:

Subject: ~ General Lease No. 5663, Honolulu Community Action Program, Inc.  
(HCAP) Waianae, Oahu, TMK 8-5-02:18 (por) and  
~ Sublease Lease Agreement between HCAP and the Waianae Coast  
Community Alternative Development Corporation, Inc. (WCCADC) and  
Ka'ala Farms, Inc.

Honolulu Community Action Program, Inc. respectfully requests the expiration date to General Lease Agreement #5663 between the State of Hawaii, HCAP and sublessees be extended. Under our current agreement, the scheduled date of expiration is April 30, 2012. We wish to extend this expiration date to April 30, 2031.

HCAP was recently informed that we have been appropriated \$250,000 from the City and County of Honolulu under the Community Development Block Grant Program (CDBG). The funds will be utilized in the planning, design, and engineering phase of constructing a multi-purposed community facility on the Leeward coast of Oahu. We want to utilize these funds to upgrade and replace HCAP's existing facility as referenced in General Lease Agreement #5663. As a subrecipient to these CDBG funds, HCAP is required to have as a minimum, a current twenty-five year lease agreement. Hence, the reason for this request.

Building a multi-purpose facility will serve many purposes; not only replacing an out dated HCAP office that has been in operation for more than thirty (30) years in Waianae, Hawaii, but more importantly, the facility is intended to provide a large variety of needed services for the low and moderate income. Also, it will serve as a meeting place to collaborate with other community organizations to improve living conditions of disadvantaged persons.

The facility will continue to provide programs, such as house programs that provide employment opportunities; family development; Head Start and day care services; drug abuse/HIV prevention education; food distribution; adult education and day care;

## The Promise of Community Action

Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other.

"Equal Opportunity Employer"

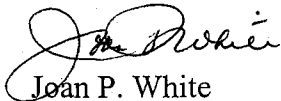
EXHIBIT "B"

computer training; homeless assistance; health care; information and referral services; an alternative learning center for youth, and other programs in the future as needed to meet the needs of our low-income families. Currently there are 10,350 needy persons eligible for services at the proposed facility. The facility will contain family and community meeting rooms, and serve as the American Red Cross Disaster Action Center for the Waianae Coast.

The facility will continue to provide programs, such as house programs that provide employment opportunities; family development; Head Start and day care services; drug abuse/HIV prevention education; food distribution; adult education and day care; computer training; homeless assistance; health care; information and referral services; an alternative learning center for youth, and other programs in the future as needed to meet the needs of our low-income families. Currently there are 10,350 needy persons eligible for services at the proposed facility. The facility will contain family and community meeting rooms, and serve as the American Red Cross Disaster Action Center for the Waianae Coast.

Your kind attention to our request would be greatly appreciated. If we can assist you in any way, do not hesitate to call me or our Director of Facilities Management, Ron Gordon at (808) 521-4531. Thank you.

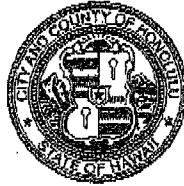
Sincerely,



Joan P. White  
Executive Director  
Honolulu Community Action Program, Inc.

Cc: Terrence Aratani, Board Chairperson, HCAP  
Ron Gordon, Director of Facilities Management, HCAP  
Tom Matsuda, Assistant Director Community Services, HCAP  
Dannette Rayford, Program Manager, Leeward District, HCAP

File

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 529-4432 • FAX: (808) 527-6743  
DEPT. INTERNET: [www.honoluluodpp.org](http://www.honoluluodpp.org) • INTERNET: [www.honolulu.gov](http://www.honolulu.gov)MUFU HANNEMANN  
MAYORHENRY ENG, FAICP  
DIRECTORDAVID K. TANQUE  
DEPUTY DIRECTOR

2006/ELOG-420(ec)

March 10, 2006

Mr. Peter T. Young, Chairperson  
Department of Land and Natural Resources  
State of Hawaii  
Post Office Box 621  
Honolulu, Hawaii 96809

Dear Mr. Young:

Re: Lease to Honolulu Community Action Program, Inc. (HCAP)  
Tax Map Key 8-5-02: 12

This is in response to the February 22, 2006 request from your Land Division for review and comment on the issuance of a 25-year direct lease to the HCAP for a new, multipurpose community facility on the above site. We have the following comments.

The site is in the Special Management Area and zoned P-2 General Preservation District. The HCAP has occupied an office on the site for more than 30 years. It is now proposing to replace this office space by building a multipurpose facility, which will contain family and community meeting rooms, and continue to house HCAP programs such as computer and employment training, food distribution, Head Start and day care services, drug abuse prevention education, adult education, alternative learning center for youth, etc.

Based on the above description of activities, the proposed multipurpose community center is considered a meeting facility for the purposes of the Land Use Ordinance (LUO). A meeting facility is not a permitted use in the P-2 District. A zoning variance will be required for the use. Since the site is adjacent to or near public facilities such as Waianae District Park, a library, fire station, city baseyard, and Waianae Intermediate School, a use variance might be supportable because of the unique circumstances of the site.

While no cost estimate for the development of the proposed multipurpose community center was provided, the HCAP has been given a grant of \$250,000 for planning, design and engineering costs. Thus, it appears that the development costs will clearly exceed \$125,000. A Major Special Management Area Use Permit (SMP) will be required for the project. The permit request would be processed by our department and then submitted to City Council for final action. Please note that an Environmental Assessment, prepared pursuant to either Chapter 343, Hawaii Revised Statutes or Chapter 25, Revised Ordinances of Honolulu, will be required before

**EXHIBIT "C"**

Mr. Peter T. Young

March 10, 2006

Page 2

an application for the SMP can be accepted for processing. Also, the use variance must be granted before the SMP can be processed.

Thank you for the opportunity to comment. Should you have any questions, please contact Elizabeth Chinn of our staff at 523-4217.

Very truly yours,



~~6~~ Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE:pl

G:\LandUse\PosseWorkingDirectory\Elizabeth\Elog06-420.doc

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

May 13, 2005

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Statewide

Minimum Rent Policy for New Dispositions

BACKGROUND

Pursuant to discussion among staff, we feel there is a need to balance staff time and costs against the returns from Land Division dispositions. The State should receive a fair return on the land while maintaining its duty under the public land trust.

The current lowest rent for leases and revocable permits is \$156 per year or \$13 per month. Staff cannot locate any Board approval regarding the definition or the origin of the "minimum rent". Staff believes that in the past we just administratively adopted the term.

A consulting report by local real estate appraisal and consulting firm Medusky & Co. was completed in April 2004 which addressed the state's proposed formula for calculating one-time payments for term shoreline encroachment easements. The report recommended that for small encroachments where the rent payment, when calculated using the recommended formula is less than \$500, a minimum rent be charged of \$500. The \$500 amount was derived via other small easement considerations researched from the market. This fee was considered reasonable in part for inconvenience and to defray administrative costs. The Board has adopted the \$500 minimum rent for shoreline encroachments.

RESEARCH

Staff has conducted some research into overhead and administrative costs necessary to manage new dispositions and reopenings. Other landowners were surveyed such as Campbell Estate and Kamehameha Schools Bishop Estate. Campbell does not have a universal minimum rent but every year they set their rent based on the current conditions and evaluates all new deals based on that. Calls to Kamehameha Schools were not returned. Department of Transportation (DOT) and Department of Agriculture were also surveyed as to their policy regarding minimum rent. Only DOT charges a minimum rent of \$20 per month for rental of storage areas in the harbor areas.

APPROVED BY THE BOARD OF  
LAND AND NATURAL RESOURCES  
AT ITS MEETING HELD ON *MO*

May 13, 2005

ITEM D-19

**EXHIBIT "D"**

Dispositions including lease, easement, license and revocable permit involve rental payments on a recurring basis or lump sum. The proposed guideline as explained below will cover these disposition but not the fee conveyances, e.g. sale of remnant or reclaimed land.

Further, staff notes that land dispositions involve multiple offices, e.g. DLNR, DAGS, AG. Staff would point out that the minimum rent recommended below only covers the staff cost of DLNR as the other agencies are only involved at the application stage. Once the disposition is consummated, DLNR is the only agency that manages the disposition and incurs staff costs. While we want to recoup part of the staff cost, staff feels that the figure has to be realistic and affordable by our tenants.

Also, time consumed for different disposition could be varied. Staff discussed the time with other districts and feels that an 8-manhour period is appropriate as the basis of this analysis.

#### EVALUATION:

Eight hours at a rate of \$18.91 (starting hourly rate of a Land Agent IV) is \$151.28. However, after the initial year, staff time expended on a disposition, which is in compliance with the terms and conditions, would be reduced substantially. Therefore, staff recommends a 75% discount from the total staff costs to account for the ongoing staff time on managing the disposition. Staff recommends \$40 per month or \$480 per year ( $\$151.28 \times 25\% = \$37.82$ , rounded to \$40 per month) as the minimum rent for all dispositions involving recurring rental payment.

Staff feels the minimum one-time payment (\$500) adopted by the Board for shoreline encroachment could be used as a guideline for other term or perpetual easements as well. The report by Medusky based his findings on market data, which reviewed other minimum rent payments for a variety of other easements. The report concluded a minimum payment for small encroachment easements of \$500. Land Division has been recommending one-time payment for other types of easements (e.g. access, utility easements). Easement valuations are largely determined via independent appraisal. However, in the event the appraised value for the term or perpetual easement is below \$500, then Staff recommends a \$500 charge to cover administrative overhead. Staff feels this amount should be set as a minimum for all dispositions involving one-time payment.

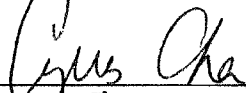
#### RECOMMENDATION

That the Board approves the above policy by requiring:

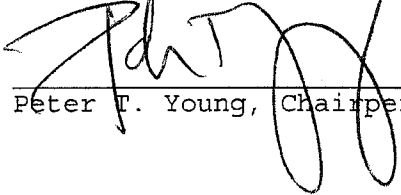
- A. All new dispositions by Land Division shall be subject to a minimum rent of \$40 per month, \$480 per year or \$500 (one-time payment) depending on the payment term.
- B. Staff shall bring any cases that require deviation from the above policy to the Board for approval.

May 13, 2005

Respectfully Submitted,

  
\_\_\_\_\_  
Cyrus Chen  
Appraisal Manager

APPROVED FOR SUBMITTAL

  
\_\_\_\_\_  
Peter T. Young, Chairperson